

FISCAL IMPACT STATEMENT ON BILL NO. **H4984**

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TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Beth Campbell, Tricia Tangney, Allan Kincaid		
DATE:	April 17, 2006	SBD:	2006197

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AUTHOR:	Representative Cobb-Hunter	PRIMARY CODE CITE:	59-146-55
SUBJECT:	School Facilities Infrastructure Act		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

House Bill 4984 Part I would allow the issuance of additional school facilities bonds totaling \$300 million. Part II provides for the South Carolina School Facilities Infrastructure Act and establishes an authority to assist in financing qualified school projects by providing loans and other financial assistance to school districts for constructing and improving school facilities.

**EXPLANATION OF IMPACT:**

Part I – School Facilities Bonds

According to the State Treasurer's Office, a series of five bonds issued in fiscal years 2007 through 2011 totaling \$300 million with a five percent interest rate would cost the General Fund approximately \$24.1 million per year for fiscal years 2008-2022, \$20.1 million in 2023, \$15.8 million in 2024, \$11.0 million in 2025, and \$5.8 million in 2026. The total cost would be about \$413.7 million over the life of the program. Of this amount, \$113.7 million represents interest paid. The impact of these bonds on debt capacity will be roughly 0.44% of the 5% Constitutional Debt Service Limit, based on June 30, 2005 general fund revenue.

Part II – South Carolina School Facilities Infrastructure Act

The Bill creates the South Carolina School Facilities Infrastructure Authority and authorizes the issuance of school infrastructure bonds. School infrastructure bonds issued according to the provisions in this Bill would have an impact on the General Fund of the State for Debt Service. According to the Office of the State Treasurer, a series of three bonds issued in fiscal years 2007, 2008, and 2009 totaling \$500 million with a five percent interest rate would cost the General Fund approximately \$44 million per year for fiscal years 2008-2022, \$30.4 million in 2023, and \$15.4 million in 2024. The total cost would be about \$703.4 million over the life of the program. The addition of these bonds would increase the debt capacity to approximately 80% of the 5% Constitutional Debt Service Limit, based on June 30, 2005 general fund revenue. The impact on the General Fund could be reduced to the extent federal and/or other funds become available to offset Debt Service expenses.

The State Department of Education and the Budget and Control Board report that the proposed Bill will have a minimal impact which can be absorbed at current levels of funding.

**LOCAL GOVERNMENT IMPACT:**

None.

**SPECIAL NOTES:**

None.

Approved by:

A handwritten signature in black ink that reads "Don Addy". The signature is written in a cursive, flowing style.

Don Addy  
Assistant Director, Office of State Budget